



Public Service Commission

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To: Parties and Participants in PSC Docket No. 04-035-01

From: The Utah Public Service Commission

Subject: In the Matter of the Investigations of the Power Outage December 2003

Date: June 24, 2005



The Commission informs all parties, participants and individuals interested in Commission Docket No. 04-035-01, In the Matter of the Investigations of the Power Outage, December 2003, that the Commission has concluded that it will end the investigative purposes of that docket. The Commission anticipates it will now close the docket and no further activities or proceedings are expected to occur.

The Commission initiated its investigative proceeding, in Docket 04-035-01, to gain an understanding of the circumstances surrounding the loss of electric power to Utah Power and Light (Utah Power) customers during the December 25, 2003, through January 3, 2004, time period December-January outage). The Commission sought an understanding of factors which contributed to the outage and the utility's responses to the outage and its efforts to restore power. Because of the public interest in the outage and the public interest in the information sought, the Commission has made an effort to conduct the Docket No. 04-035-01's investigation and proceedings open to and accessible to the public . The Commission has been encouraged in the public's interest, comment and participation in these proceedings, which has been

greater than historically attends Commission investigative efforts.

As a result of this investigation, the Commission and participants have gained a better understanding of the outage, a number of its contributing factors, the utility's efforts to address the outage and the difficulties faced by customers and the utility in responding to and addressing the loss of and restoration of power that occurred. Utah Power has provided information from its own investigation and provided a detailed report on the outage and its efforts. As directed by the Commission, the Division of Public Utilities (Division) has independently conducted an investigation using the additional resources of an outside consulting firm, Williams Consulting, Inc. The Division has provided the results of its investigation and that of Williams Consulting. Numerous public meetings/technical conferences have been held to review and discuss the information provided and to review and discuss the reports that have been prepared. These meetings have been attended by Utah Power, the public, public interest group representatives, regulatory agency representatives, and Commission personnel.

From these meetings and the knowledge gained through the investigation, a number of steps or measures have been identified or recommended by which it is believed that Utah Power may be able to avoid or lessen the likelihood of experiencing similar outages in the future and by which it may improve future outage responses and improve the efficacy of its restorative efforts. Utah Power itself detailed twenty-eight ameliorative changes it would undertake. The Division and Williams Consulting provided eighteen additional recommendations which they believed could be implemented. Through this process, Utah Power has agreed to and has implemented over forty recommendations. Utah Power has agreed to provide status reports on its implementation efforts and provide future information on the success achieved. Where the utility had initial disagreement with a limited number of the recommendations made by the Division and its consultant, subsequent meetings and discussions have resulted in modifications and implementation such that the Division and Williams Consulting believe that Utah Power is pursuing all of the objectives sought by their recommendations. The Division has recommended that Utah Power's progress be recognized and that it

continue to provide periodic reports on its future progress.

Some of these ameliorative steps will likely have an impact upon Utah Power's network performance standards or measurements which Utah Power, as PacifiCorp, agreed to provide and report on a periodic basis as part of its merger approval application. Merger Condition #31, adopted and approved in the Commission's 1999 approval of the merger, requires such measurement and reporting; Utah Power has been consistent in developing and providing this network performance information. Part of the agreement on network performance reporting permits exclusion of "major events" from performance measurements. Utah Power, the Division and the Committee of Consumer Services have all agreed that the December-January outage meets the current definition of a "major event" for network performance reporting under Merger Condition 31. There is no disagreement that the December-January outage is to be considered a "major event" in calculating Utah Power's network performance measurements.

What constitutes a "major event" outage for Merger Condition 31's network performance reporting, however, is separate and apart from a qualifying outage associated with Customer Guarantee #1 that was offered by PacifiCorp as part of its merger application. As part of its agreements to obtain approval of its merger, Utah Power, as PacifiCorp, offered Customer Guarantee #1, by which it agreed it would endeavor to quickly restore power and would compensate customers various amounts depending upon the duration of their power outages. Whereas Utah Power made a Merger Condition 31 network performance reporting commitment, Customer Guarantee #1 has been incorporated into post-merger tariff provisions; in Electric Service Regulation No. 25. The terms and conditions specified in Regulation No. 25 use the wording of "major events" (as an exception for which no customer compensation need be paid) which has caused some confusion for some individuals to equate a "major event" outage for network performance reporting with an outage for Regulation 25's "major events" exclusion for customer guarantees under the tariff. Although there is agreement on the meaning and use of the term "major event" for Merger Condition 31's network performance reporting, but for its initial approval of Regulation 25, the Commission has not had to address

or construe the meaning of and application of Regulation 25's exclusions. The language in each may be similar, but they may have different meanings; we have not issued any decisions that could be used to identify any similarities or distinctions between the two. In undertaking this investigative docket, the Commission did not, and does not, intend to address the application of Regulation 25 to the December-January outage in this docket. Whatever the application of Regulation 25's terms and conditions to this outage, it will not be addressed in Docket 04-035-01. Regulation 25 has its own terms and process for application and addressing disputes, if any. Disputes on such matters are not to be resolved in an investigative docket.

Through these investigative proceedings and the course of our ongoing regulatory oversight, Utah Power and participants have identified certain issues or matters which warrant further examination and discussion to determine whether they warrant implementation or change in utility operations. To that end, we have created a Service Quality Task Force to analyze maintenance and investment issues and to examine the condition of the Utah distribution system, hoping to identify other improvements which might be made to provide appropriate service quality while incurring reasonable costs. Along the course of the Task Force's work, these and likely other matters will be discussed and examined. We anticipate that these efforts will derive more detailed cost-benefit analyses examining increasing the design and operational limits in Utah Power's distribution network; including a focus on the various Utah service areas which experience more frequent and severe outages. The Task Force should also consider the "major event" definition used in network performance reporting and the network's reliability statistics or measurements to determine whether the application and information provided is the most useful in assessing the provision of electric service consistent with regulatory policy and public interest goals.

We wish to express our appreciation to those who participated in and provided assistance in the investigation conducted under Docket No. 04-035-01. It has been an informative undertaking and has been the genesis of or a contributing factor for the further efforts which are underway. We encourage those who

participated in these proceedings to participate in the Service Quality Task Force, as their interests may determine.

Sincerely,

/s/ Ric Campbell, Chairman

/s/ Ted Boyer, Commissioner

/s/ Ron Allen, Commissioner